

State by State Benefits for Students

State	Savings for the average 4-year college student starting school in 2008 over the life of the loan
AK	\$2,390
AL	\$2,530
AR	\$2,420
AZ	\$2,750
CA	\$2,820
CO	\$2,500
CT	\$2,660
DC	\$2,720
DE	\$2,590
FL	\$2,540
GA	\$2,460
HI	\$2,660
IA	\$2,590
ID	\$2,460
IL	\$2,630
IN	\$2,410
KS	\$2,570
KY	\$2,420
LA	\$2,430
MA	\$2,600
MD	\$2,620
ME	\$2,450
MI	\$2,470
MN	\$2,510
MO	\$2,480
MS	\$2,730
MT	\$2,340
NC	\$2,480
ND	\$2,400
NE	\$2,470
NH	\$2,580
NJ	\$2,670
NM	\$2,380
NV	\$2,540
NY	\$2,660
OH	\$2,510
OK	\$2,520
PA	\$2,580
RI	\$2,570

State	Savings for the average 4-year college student starting school in 2008 over the life of the loan
SC	\$2,660
SD	\$2,440
TN	\$2,580
TX	\$2,650
UT	\$2,420
VA	\$2,580
VT	\$2,550
WA	\$2,720
WI	\$2,490
WV	\$2,340
WY	\$2,580
US	\$2,570

Source: U.S. PIRG



Chairman George Miller

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AND LABOR COMMITTEE
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GROWING & STRENGTHENING AMERICA'S MIDDLE CLASS

**FIRST FEDERAL STUDENT LOAN
RATE CUT TAKES EFFECT ON
JULY 1, 2008**



110TH CONGRESS

**THE HONORABLE GEORGE MILLER
CHAIRMAN
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES**

June 2008

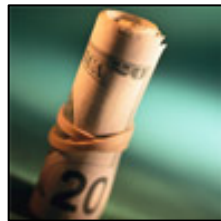
Strengthening the Middle Class by Making College More Affordable

The College Cost Reduction and Access Act of 2007, signed into law on September 27, 2007, provides the single largest increase in college aid since the GI bill, at no new cost to taxpayers.

On July 1, 2008, federal interest rates on subsidized federal Stafford Loans for undergraduates will drop to 6% from the previous rate of 6.8%.

Rates on subsidized federal Stafford Loans will continue to drop over the next few years:

- to 5.6% for loans disbursed between July 1, 2009 and June 30, 2010;
- to 4.5% for loans disbursed between July 1, 2010 and June 30, 2011; and
- to 3.4% for loans disbursed on or after July 1, 2011.



This will provide significant savings for borrowers over the life of the loan – **the average four-year college student starting school this fall (with need-based student loan debt) will save about \$2,570 over the life of his or her loans.** (All Stafford Loans made to graduate students and unsubsidized Stafford Loans made to both undergraduate and graduate students will carry a fixed 6.8% interest rate.)

Both of these federal loan interest rates provide far greater savings than more expensive private loans, whose interest rates can run as high as 19%. Furthermore, private loans often have variable rates that can result in unexpectedly high monthly payments. In contrast, federal loans will stay fixed at the same low rate over the life of the loan.

What Else Does the Act Do?

5.5 million students take out need-based federal student loans each year. The College Cost Reduction and Access Act of 2007 will:

- Increase the purchasing power of the Pell Grant Scholarship by \$490 (increasing the maximum award to \$4,731) in the 2008-2009 academic year.
- Ensure a highly qualified teacher in every classroom by providing up-front tuition assistance of \$4,000 each year for students who commit to teaching high-need subjects or in high-need public schools upon graduation.
- Encourage and reward public service by providing loan forgiveness after 10 years for public servants, including military service members, first responders, firefighters, nurses, public defenders, early childhood educators, librarians, and others.

